

## Response to February 2021 Gas Price Surge

### Need

Federal action to protect utilities, and ultimately consumers, from future unreasonable surges in the daily rate for natural gas.

### Background

During a period from February 12 through February 18, 2021, much of the country was under a severe polar vortex, causing temperatures to drop to dangerously cold levels below zero degrees, even in places like Texas. As a result, some supply resources became unavailable and the demand for natural gas increased dramatically and very quickly. Gas utilities were forced to acquire large quantities of natural gas above normal volumes. Under the law of “supply-and-demand”, the price of natural surged to unprecedented levels, frequently one-hundred times or more than the normal rate.

As a result of such unprecedented price spikes, it was not uncommon for municipal gas utilities in Minnesota to see an entire year’s budget for natural gas purchases spent in only a few days. While it appears options will be in place for these utilities to address the short-term cash flow needed to pay their bills, ultimately at least some portion of the extra costs will be passed along to consumers. If a utility were to pass on a consumer’s share of the increased costs, residential customers would likely have to pay an additional \$250 - \$500, with larger users seeing even higher increases. Commercial and industrial users could see additional costs of up to ten times an average monthly bill. Utilities are exploring options to minimize the impact on consumers and to spread increased costs over some extended period.

Another price spike of similar impact would be devastating to utilities and consumers alike. Congress and the applicable regulatory agencies need to take both immediate and long-lasting steps to guard against a another out-of-control price surge.

### MMUA Position

MMUA supports an in-depth investigation into all aspects of the February 2021 natural gas price surges. Short term protective action should be implemented as may be authorized under the Natural Gas Policy Act and any other applicable law or regulatory action. MMUA also encourages the exploration and adoption of additional consumer protection provisions to put the brakes on runaway gas prices before the damage is done.